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Bradfield Development Authority

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# Collaborative Shared Arrangement Audit and Risk Committee Charter

Bradfield Development Authority  
Advanced Manufacturing Research Facility Pty Limited  
(ACN 666 543 979)

October 2024

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## Document control

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<p>* The <u>Government Information (Public Access) Act 2009</u> (the GIPA Act) requires that all of the Department's current policy documents be made available on this website (unless there are overriding public interest <u>reasons</u> why that should not be done). BDA Legal Branch can provide advice.</p>		

## Document approval

Version	Objective ID	Name & Position	Signatures	Date	Effective Date
1	A8585088	Endorsed by ARC Chair Approved by the BDA and AMRF Boards)	On file	21/12/2023 20/02/2024	20/02/2024
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## Document version control

Version	Objective ID	Status	Date	Prepared By	Comments
1	A8492929	Final	21/12/2023	Virginia Tinson	New Charter
1.1	A9005159	Final	26/08/2024	Virginia Tinson	Charter reviewed and rebranded from WPCA to BDA

## Review date

The Authority will review this Charter annually.

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## 1. Introduction

The following Accountable Authorities have entered into a Shared Arrangement Agreement and have established a Collaborative Shared Audit and Risk Committee (ARC) in compliance with NSW Treasury Policy TPP20-08 *Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08)*.

Entity	Accountable Authority
The Bradfield Development Authority (BDA)	BDA Board
The Advanced Manufacturing Research Facility Pty Limited (AMRF)	AMRF Board

For the purpose of this Charter, these organisations will herein be referred to collectively as “the participating entities”.

This Charter is based on the Model Audit and Risk Committee Charter (Collaborative Shared Arrangement) (Annexure I per TPP20-08), which is based on the Model Charter in Annexure B per TPP20-08 and sets out the ARC’s objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

## 2. Objective

The objective of the ARC is to provide independent assistance to the Accountable Authority of all participating entities by monitoring, reviewing, and providing advice about the governance processes, risk management and control frameworks, and external accountability obligations.

## 3. Authority

The Accountable Authority of the participating entities authorise the ARC, within the scope of its role and responsibilities, to:

- Obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- Discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- Request the attendance of any staff member, including members of the Accountable Authorities of the participating entities, at ARC meetings

- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the expense of any or all the participating entities subject to the approval of the Accountable Authorities of the relevant participating entities.

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## 4. Composition and tenure

The ARC will consist of:

- At least three (3) Members and no more than five (5) Members<sup>1</sup>
- A mixture of non-executive Board members from the participating entities and independent members with appropriate capabilities from the ARC prequalification scheme
- An independent Board member who is not chair of the Board of the participating entities.

The Accountable Authority of the participating entities agrees that the Chair of the BDA Board will approve the appointment of the Chair and Members of the ARC following consultation with the participating entities to this Agreement. The Chair is counted as one Member of the ARC.

If, at a meeting of the ARC, the Chair is absent or the role is vacant, the Members shall by majority select an Acting Chair from their number. The ARC will, as soon as practicable, advise the Accountable Authorities of the participating entities of the name of the Acting Chair or the ARC's inability to elect an acting Chair by a majority.

Additional non-executive Board members from the participating entities may be appointed to the ARC or be removed and replaced by a resolution of the Accountable Authority of the participating entities. Members may withdraw from membership by written notification to the Chair of the BDA Board.

Members will be appointed for an initial period no less than three (3) years and not exceeding five (5) years, after which they will be eligible for extension or re-appointment for a further term(s) subject to a formal review of their performance (noting that the total term on the ARC will not exceed eight (8) years). The Chair must be appointed for one (1) term only for a period of at least three (3) years, with a maximum period of five (5) years. The term of appointment for the Chair can be extended but any extension must not cause the total term to exceed five (5) years as a Chair of the ARC.

Current employees of all NSW government sector agencies<sup>2</sup> other than State Owned Corporations cannot serve as Members or Chairs of an ARC.

The Members should collectively develop, possess, and maintain a broad range of skills and experience relevant to the operations, governance, and financial management of the participating entities, the environment in which the participating entities operates, and the contribution that the ARC makes to the participating entities. At least one Member of the ARC must have accounting or related financial

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<sup>1</sup> Inclusive of the Chair

<sup>2</sup> Defined in the *Government Sector Employment Act 2013*.

management experience with an understanding of accounting and auditing standards in a public sector environment.

## Membership roles

Role
Chair
BDA Board Member
Independent Member
Independent Member
Independent Member

## 5. Role and responsibility of the ARC

The ARC has no executive powers.

The ARC is directly responsible and accountable to each particular Accountable Authority of the participating entities for the exercise of its responsibilities. In carrying out its responsibilities, the ARC must always recognise that primary responsibility for management of each participating entity rests with the head of the participating entities under the authority of the Accountable Authority of that entity.

The responsibilities of the ARC may be revised or expanded in consultation with, or as requested by, and through joint agreement from the Accountable Authority of the participating entities from time to time.

The ARC's responsibilities are to:

### 5.1 Risk management

- Review whether management has in place a current and appropriate risk management framework that is consistent with AS ISO 31000:2018.
- Assess and advise on the maturity of the risk management framework and risk culture.
- Consider the adequacy and effectiveness of the internal control and risk management frameworks by reviewing reports from management, internal audit and external audit, and by monitoring management responses and actions to correct any noted deficiencies.
- Review the impact of risk management on its control environment and insurance arrangements.
- Review the fraud and corruption control framework, including the fraud control plan, and be satisfied that appropriate processes and systems are in place to capture and effectively investigate fraud related information.
- Seek assurance from management that emerging risks (including, but not limited to, climate risk and cyber risk) are being identified and addressed.

- Seek assurance from management and Internal Audit that risk management processes are operating effectively, including that relevant internal control policies and procedures are in place and that these are periodically reviewed and updated.
- Review whether a sound and effective approach has been followed in developing risk management plans for major projects, programs, or undertakings.
- Review whether a sound and effective approach has been followed in establishing the business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- Review whether a sound and effective approach has been followed in implementing work health and safety (WHS) risk and compliance controls in the form of WHS systems, procedures, policies, and plans fit for purpose for offices and sites.

## 5.2 External accountability

- Assess the policies and procedures for management review and consideration of the financial position and performance of the participating entities, including the frequency and nature of that review (including the approach taken to addressing variances and budget risks).
- Review procedures around early close and year-end.
- Review the financial statements and provide advice to the Accountable Authority (including whether appropriate action has been taken in response to audit recommendations and adjustments) and recommend their signing by the Board.
- Satisfy itself that the financial statements are supported by appropriate management signoff on the statements.
- Review the Chief Financial Officer Letter of Certification and supporting documentation (consistent with Treasury Policy Certifying the Effectiveness of Internal Controls over Financial Information (TPP17-06)).
- Review cash management policies and procedures.
- Review policies and procedures for collection, management, and disbursement of grants and tied funding.
- Review the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements.
- Satisfy itself that there are appropriate measures and reports on performance against objectives and State Outcomes.<sup>3</sup>

## 5.3 Compliance and Ethics

- Determine whether management has appropriately considered legal and compliance risks as part of the risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring compliance with applicable laws, regulations, and associated government policies.

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<sup>3</sup> This includes consideration of Outcomes Budgeting measures such as Outcome Indicators and Program Performance Measures.

- Seek assurance that the appropriate exercise of delegations is monitored and reviewed.
- Seek assurance that changes in key laws, regulations, internal policies, and Accounting Standards affecting operations are being monitored at least once a year and appropriately addressed.
- Review the process for communicating the Code of Ethics and Conduct to staff and seek assurance as to compliance with the code.
- Review policies and processes for identifying, analysing and addressing complaints.
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

## 5.4 Internal audit

- Review and provide advice to the Accountable Authority on the internal audit policies and procedures.
- Review the risk-based audit methodology.
- Review the internal audit coverage and annual work plan, ensure the plan is based on the risk management plan and recommend approval of the plan by the Accountable Authority.
- Advise the Accountable Authority on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.
- Review audit findings and related recommendations, particularly those that have been assessed as a high risk if audit finding recommendations are not implemented.
- Provide advice to the Accountable Authority on significant issues identified in audit reports and action taken on these issues, including identification and dissemination of good practice.
- Monitor management's implementation of internal audit recommendations.
- Review and endorsing the internal audit charter including ensuring the appropriate structures, authority, access to senior management and reporting arrangements are in place.
- Provide advice to the Accountable Authority on the results of any external assessments of the internal audit function.
- Provide advice to the Accountable Authority of the participating entities on the appointment or replacement of the shared Chief Audit Executive (**CAE**) and recommend to the Accountable Authorities the appointment or replacement of external internal audit service providers.
- Assess the overall effectiveness and evaluate the performance of the CAE and internal audit function.
- ARC Chair to contribute to the CAE's regular performance review.

## 5.5 External audit

- Act as a forum for communication between the Accountable Authorities, senior management, and internal and external audit.
- Provide feedback on the financial audit coverage proposed by external audit and is informed of planned performance audit scope prior to their commencement.



- Review all external plans and reports (including management letters) in respect of planned or completed audits and monitor management's implementation of audit recommendations.

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## 6. Responsibilities of Members

Members of the ARC are expected to understand and observe the requirements of the Internal Audit Charter and Risk Management Framework. Members are also expected to:

- Make themselves available as required to attend and participate in meetings.
- Ensure they have the time and capacity to sufficiently cover all agencies in the shared ARC including the time needed to study and understand the papers provided.
- Apply good analytical skills, objectivity and good judgement.
- Abide by the relevant ethical codes that apply to employment within the General Government Sector.
- Express opinions, frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

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## 7. Reporting

The ARC will regularly, but at least once a year, report to each Accountable Authority of the participating entities on its operation and activities during the year. The report should include:

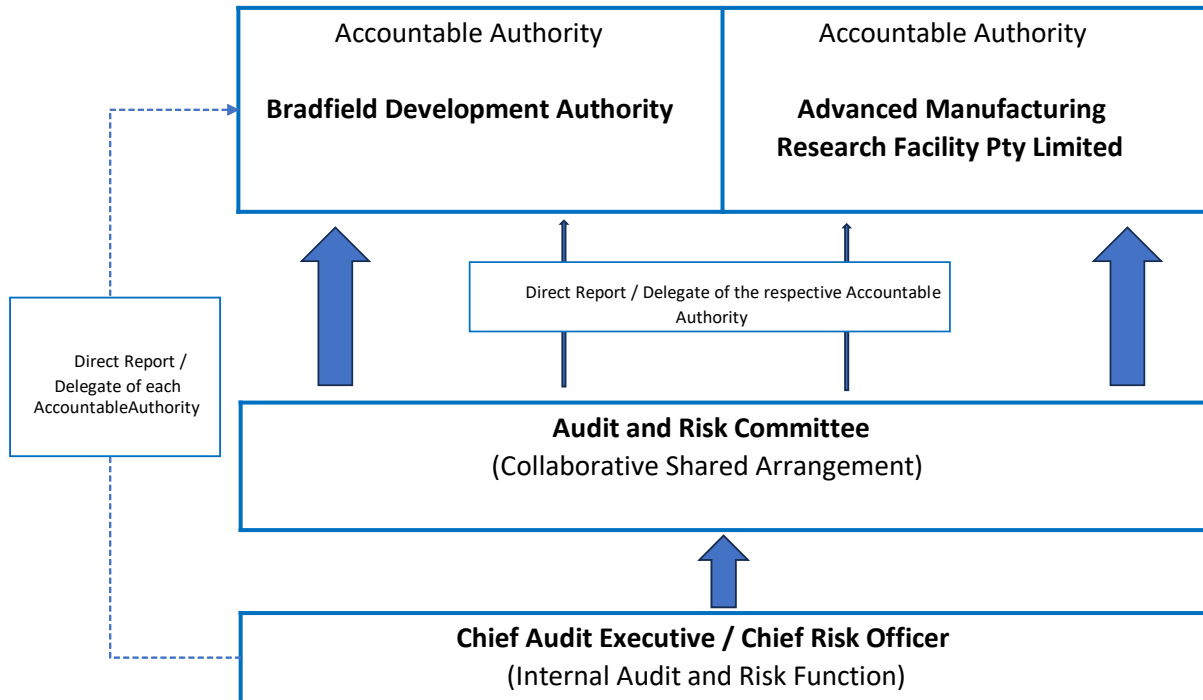
- An overall assessment of the risk, control, and compliance framework, including details of any significant emerging risks or legislative changes impacting the participating entities.
- A summary of the work the ARC performed to fully discharge its responsibilities during the preceding year.
- Details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.
- A summary of the progress in addressing the findings and recommendations made in internal and external reports.
- A summary of the ARC's assessment of the performance of internal audit.
- The ARC may, at any time, report to the relevant Accountable Authority on any other matter it deems of sufficient importance to do so. In addition, at any time, an individual ARC member may request a meeting with the relevant Accountable Authority.

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## 8. Reporting lines and rights of access

The ARC will at all times ensure it maintains a direct reporting line to and from internal audit and act as a mechanism for internal audit to report to each participating entities Accountable Authority on functional matters.

The following reporting line is prescribed where the dotted line represents the 'administrative' reporting line, and the bold line represents the 'functional' reporting line:



**\* Note:** Internal audit is responsible for providing independent assurance to the Accountable Authority and the ARC, including the effectiveness of the risk management framework. The CAE is also the nominated Chief Risk Officer (CRO) and has responsibility for the oversight and promotion of risk management within the participating entities, designing the risk management framework, and for the day-to-day activities of embedding the framework within the participating entities.

The ARC has unrestricted access to information it considers relevant to its responsibilities. The ARC has rights of access to management and to auditors (external and internal) without management present and rights to seek explanations and additional information from both management and auditors.

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## 9. Administrative arrangements

### Meetings

- A separate ARC meeting for each participating entity will be held at least four (4) times per year. A special separate meeting may be held to review each participating entity's annual financial statements.
- The Chair is required to call a meeting if requested to do so by any participating entity, or another ARC member.
- A meeting plan, including the meeting dates and agenda items, will be agreed by the ARC and all agencies overseen by the ARC at the beginning of each financial year.
- The estimated total remuneration per Independent Chair and Member will be determined based on the estimated number of meetings and will be monitored by the participating entities.
- The meeting plan will cover all of the ARC's responsibilities as detailed in this charter.
- All attendees are responsible and for maintaining the confidentiality of the information they receive during the course of these meetings.

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## 10. Attendance at meetings and quorums

- A quorum will consist of a majority of ARC members.
- Meetings can be held in person, by telephone or by video conference.
- The Accountable Authority, or nominated delegate, of each participating entity may attend the meetings of the ARC relevant to their entity.
- The CAE, external audit representatives and any participating entities' representatives may attend ARC meetings, except where the ARC members wish to have in-camera discussions. The ARC may also request the Chief Financial Officer or other staff attend ARC meetings or participate for certain agenda items relevant to the participating entity.
- All attendees are responsible and accountable for maintaining the confidentiality of the information they receive during the course of these meetings.
- The ARC will meet separately with both the internal and external auditors at least once a year.

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## 11. Dispute Resolution

Members of the ARC and each participating entity's management should maintain an effective working relationship and seek to resolve differences by way of open negotiation. However, in the event of a disagreement between the ARC and management, including the Accountable Authority, the Chair may, as a last resort, refer the matter to Treasury to be dealt with independently.

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## 12. Secretariat

BDA will be responsible for the process of appointing the resources to provide secretariat support to the ARC. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one (1) week before the meeting.

The Secretariat, or his or her delegate, must attend all ARC meetings as minute secretary and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within three weeks of the meeting to each Member and ARC observers, as appropriate.

The Secretariat will be the custodian of all documentation relating to this Charter.

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## 13. Conflicts of interest

Once a year, the ARC members will provide written declarations to the board stating they do not have any conflicts of interest that would preclude them from being members of the ARC.

ARC members shall declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted. Where members or observers at ARC meetings are deemed to have an actual, or perceived, conflict of interest, the Chair (or a quorum of the ARC if the conflict of interest arises from the Chair) may excuse them from ARC deliberations on the issue where a conflict of interest exists.

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## 14. Induction

New ARC Members will receive relevant information and briefings on their appointment to assist them to meet their ARC responsibilities.

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## 15. Assessment arrangements

The Accountable Authority of the participating entities, in consultation with the Chair of the ARC and CAE, will establish a mechanism to review and report on the performance of the ARC and CAE, including the performance of the Chair, each Member, and the internal audit function, at least annually. The review will be conducted on a self-assessment basis (unless otherwise determined by the participating entities Accountable Authority, with appropriate input sought from internal and external auditors, the CAE, management, and any other relevant stakeholders, as determined by the Accountable Authority of the participating entities.

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## 16. Review of Charter

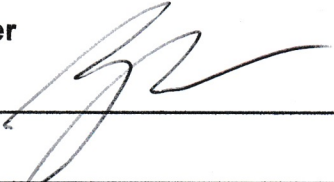
At least once a year, the ARC will review the membership and Charter of the ARC to determine its adequacy for current circumstances. This review will include consultation with the Accountable Authority of the participating entities.

Any substantive changes to this Charter will be recommended by the ARC and formally approved by each participating entity's Accountable Authority. The ARC may make recommendations to the participating entities' Accountable Authority in relation to the ARC's membership, responsibilities, functions, or otherwise for.


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## 17. Endorsement and Approval of Charter

### This Charter was endorsed by:

Chair, Audit and Risk Committee (Collaborative Shared Arrangement)	
<b>Greg Fletcher</b>	
Signature: 	Date: <u>23/10/2024</u>

### This Charter was approved by each Accountable Authority:

For the Bradfield Development Authority	
Board Chair, Bradfield Development Authority	
<b>Jennifer Westacott AO</b>	
Signature: 	Date: <u>23 / 10 / 2024</u>

For the Advanced Manufacturing Research Facility Pty Limited	
Board Chair, Advanced Manufacturing Research Facility Pty Limited	
<b>Ken Morrison</b>	
Signature: 	Date: <u>28/11/2024</u>

## Bradfield Development Authority

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